



Water Infrastructure Finance Authority of Arizona

NEWS RELEASE

1110 West Washington, Suite 290 • Phoenix, Arizona 85007 • www.azwifa.gov

Date: July 29, 2004

Contact: Christina Worden, Communications Director: (602) 364-1314

WIFA Executive Director Spector Opposes S. 2550

Sends Letter to U.S. Senate Environment Committee Chairman Inhofe Disagreeing with Proposed Clean Water State Revolving Fund Allocation Formula

PHOENIX – Water Infrastructure Finance Authority of Arizona Executive Director Jay Spector today announced his opposition to S. 2550, the Water Infrastructure Financing Act of 2004. U.S. Senate Bill S. 2550 would change the current allocation formula for the Clean Water State Revolving Fund (CWSRF).

In a letter addressed to Chairman of the Committee on Environment and Public Works, James Inhofe of Oklahoma, and Ranking Member of the committee, James Jeffords of Vermont, Spector stated that the formula change in the bill is not beneficial for population-booming Arizona, which ranks 10th in the country for wastewater infrastructure needs.

“As the nation’s second-fastest growing state, there is a tremendous stress on our infrastructure,” said Spector. “The proposed formula and current formula for Clean Water State Revolving Fund allocation forces Arizona to subsidize the infrastructure of other states while still trying to address the needs within our own.”

The current CWSRF formula and the proposed formula in S. 2550 do not recognize a state’s wastewater infrastructure needs. The current formula is based in statute and was last updated in 1974.

The proposed formula addresses the states most in need of funding when the appropriation level for the CWSRF reaches \$3.15 billion. When this level is reached, the current allocation for the CWSRF shifts to a needs-based allocation percentage which is derived from the needs survey. This proposed formula at best ties consideration of need to future appropriation levels for the entire fund which has never been reached in the past. Historically, the CWSRF has been funded at \$1.35 billion per year.

In the proposed legislation, if the total appropriations for CWSRF do not reach \$3.15 billion, the “transition formula” applies. The “transition formula” protects states smaller in population, which under this formula receive funding first. States larger in population would maintain the current allocation despite lack of need.

States that are “minimum” states in S. 2550 move in funding from .5 percent to one percent of the appropriation.

Under the “transition formula,” Arizona would receive approximately \$10 million per year at the current funding level, while the minimum states would receive \$13.5 million (Arizona is not considered a minimum state for allocations purposes).

“The WIFA Board and I support changing the funding formula for the clean water state revolving fund program” said Steve Owens, Director of the Arizona Department of Environmental Quality and Chairman of the WIFA Board of Directors. “However, the formula proposed in this legislation is inequitable and will cause greater strain on WIFA financial resources.”

Spector suggests that the CWSRF allocation should be based on the Environmental Protection Agency’s Clean Water Needs Survey (CWNS) in his letter to Chairman Inhofe. The survey, conducted every four years in all 50 states, quantifies the anticipated needs in a state for the next 20 years. The 2002 CWNS indicated Arizona has over \$6.3 billion in clean water needs.

-30-

A copy of Spector’s letter to the Senate EPW committee is attached. For a copy of WIFA’s “Clean Water State Revolving Fund Allocation Disparity” report, please contact Christina Worden, WIFA Communications Director at (602) 364-1314 or by email at cworden@azwifa.gov.